

# WANNA BE A MILLIONAIRE?

STEP 7: SETTING UP A WILL

## WILL IT! Preparing A Will

*Put simply, a will is a legal declaration of a person's wishes regarding the dispersal of his or her property and/or estate after death. Despite the paramount importance of a will, far too many Americans forgo this critical financial safeguard.*

**I**n essence, a will serves two fundamental purposes—it properly allocates your personal possessions to whom you intend, and it provides for your surviving loved ones. Even if you're not a millionaire, these two aspects of a will are of the utmost importance. This is true because a will can make the time after your death more bearable for your loved ones and can provide meaningful, even financially sustaining allocations. This handout will cover the basics of will preparation and provide action steps on how to get started.

### Getting Started How to prepare your will

For many, the biggest barrier to preparing a will is that they don't know what's all involved. The following paragraphs will detail four of the critical steps of preparing a will. Here's how to get started:

#### Step 1: Initial assessments

To get the process started consider the following points:

- Outline your objectives
- Inventory your assets

### Critical Questions... And some answers

Who needs a will? In a word, EVERYONE! This includes both spouses. In addition, anyone over the age of 18 should seriously consider the preparation of a will.

Won't state law take care of my disbursements if I don't have a will? The answer is yes, but the news is not all good—state law may or may not fit the best interest of the family or the wishes of the deceased.

What are the requirements of a will? Usually, they can be written by any person over the age of 18 who is "of sound mind and memory." In most states, you must also date and sign your will in front of at least two witnesses who aren't in line to inherit any of your property.

- Estimate your outstanding debts
- Prepare a list of family members and other beneficiaries

## Step 2: Distribution specifics

Go through all of this information carefully and consider how you plan to distribute your assets. Consider some of the following:

- How much money will my spouse need?
- Which assets would most benefit other family members?
- What sentimental belongings would I like to impart to whom?
- Establish a residuary clause, which generally states, "I give the remainder of my estate to..."

## Step 3: Name a guardian

Naming a guardian is perhaps the most important aspect of a will if you have children. Here are the in's and out's of guardianship:

- Usually, a surviving parent assumes the role of guardian for minor children.
- The individual named on your will must be over 18 and willing to assume the responsibility.
- Be sure to discuss your request with the named guardian ahead of time.
- Choosing a couple as co-guardians is sometimes not advisable, as the couple may choose to separate, resulting in a custody battle.
- If you do not specify a guardian to care for your children, a judge will appoint one.

## Step 4: Name an executor

An executor is the person appointed by the writer of the will to handle the distribution of your assets according to your will. It is the role of the executor to file the will in court, where a judge decides if the will is valid. The duties of the executor include:

- Paying valid creditors
- Paying taxes
- Notifying Social Security and other agencies and companies of the death
- Canceling credit cards, magazine subscriptions, etc.
- Distributing assets according to the will

## Parting Thoughts

Your will needs to be stored in a place that's safe, yet accessible to others after your death. A safe deposit box is one possibility. Wherever you keep it, just be sure the executor or a close friend or relative knows where to find it upon your death.

Remember to review your will periodically. Any significant life changes such as marriage, divorce, birth or death of dependents, or relocation are all causes to update your will.

## ELEMENTS OF A WILL

The following are the basic elements generally included in a will:

- Your name and place of residence
- A brief description of your assets
- Names of spouse, children, and other beneficiaries, such as charities or friends
- Alternate beneficiaries, in the event a beneficiary dies before you do
- Specific gifts, such as an auto or residence
- Establishment of trusts, if desired
- Cancellation of debts owed to you, if desired
- Name of an executor to manage the estate
- Name of a guardian for minor children
- Name of an alternative guardian, in the event your first choice is unable or unwilling to act
- Your signature
- Witnesses' signatures
- Two of the most important items included in your will are naming a guardian for minor children and naming an executor

Generally, people choose to issue a new will that supersedes the old document. However, with some legal assistance you can also amend your will.

## Action Steps:

- Don't make the mistake of waiting too long to prepare your will. Get organized now and consider possibilities for naming a guardian and executor.
- Keep inventory of all major assets as they accumulate. Be sure to keep this information in a safe place.
- Find out the specific requirements for preparing a will in your state.

## Financial Lifelines

## Where to go for more info

### Web Sites That Can Help

Forbes Willfull Omissions

<http://forbes.com/forbes/99/1227/6415252a.htm>

### Books That Can Help

*The Wall Street Journal Lifetime Guide to Money: Everything You Need to Know About Managing your Finances—For Every Stage of Life* by C. Frederic Wiegold (Editor), The Wall Street Journal's Personal Finance Staff

### Brochures and Pamphlets That Can Help

Making a Will

Federal Consumer Information Center

Title Number: 619G

To order call 1-888-878-3256 or go to [www.pueblo.gsa.gov](http://www.pueblo.gsa.gov)

Planning Your Estate

Federal Consumer Information Center

Title Number: 581G

To order call 1-888-878-3256 or go to [www.pueblo.gsa.gov](http://www.pueblo.gsa.gov)

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**QUESTION 7:**

*What percentage of Americans die  
“intestate”—without a will?*

- ☐ **A) 25%**
- ☐ **B) 33%**
- ☐ **C) 50%**
- ☐ **D) 66%**

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NAME